



GOVERNOR SUBMITS REVISED BUDGET FOR FY 2017

Revised Budget Submitted. On March 31, the Governor submitted a revised FY 2017 budget in response to a \$46.4 million General Fund revenue reduction adopted by the Revenue Estimating Conference (REC) on March 16. As a result of the REC action, the Governor is required to submit a revised budget in accordance with Iowa Code section [8.21](#). The Code provision requires the Governor to submit a revised budget within 14 days of the REC meeting, when the March REC estimate is lower than the December estimate.

The Governor's revised budget incorporates the fiscal impact of [HF 2433](#) (Internal Revenue Code Update and Manufacturing Consumables Act), [SF 174](#) (FY 2017 School Supplemental State Aid), and [SF 175](#) (FY 2017 School Categorical Supplemental State Aid). [House File 2433](#) was signed into law by the Governor on March 21. Senate Files [174](#) and [175](#) have passed both the House and Senate and are awaiting the Governor's signature.

Revised FY 2016 Budget. The changes incorporated in the Governor's FY 2016 budget are largely the result of the enactment of HF 2433 which reduces FY 2016 revenue by an estimated \$97.4 million. The Governor also made a small reduction of \$0.2 million to the recommended supplemental appropriations, resulting in revised supplemental appropriations totaling \$72.4 million. The Governor's revised ending balance for FY 2016 totals \$75.3 million, \$97.2 million less than the original ending balance of \$172.5 million.

Revised FY 2017 Budget. The Governor's revised FY 2017 budget leaves an estimated ending balance of \$79.8 million, a reduction of \$32.2 million compared to the original budget submitted in January. The Governor's revised budget includes a decrease of \$46.4 million associated with the revised REC estimate that is offset by the enactment of HF 2433, which increases revenue for FY 2017 by an estimated \$23.6 million. The Governor's original budget included a revenue reduction of \$27.2 million associated with the Internal Revenue Code Update recommendation for FY 2017. The net impact of the revenue changes in the Governor's revised budget is an increase of \$4.4 million.

The significant impact in the Governor's FY 2017 budget is the result of the tax law changes made in FY 2016. As a result, the surplus carryforward dollars for FY 2017 are \$97.7 million less than were estimated in the Governor's original budget. The revenue and surplus carryforward changes lower the Governor's expenditure limitation by \$94.0 million (from \$7,445.1 million to \$7,351.1 million). To meet the revised expenditure limitation, the Governor reduced recommended appropriations by \$61.0 million (0.8%).

The Governor identified three reductions totaling \$61.0 million to the FY 2017 recommended appropriations to meet the revised expenditure limitation of \$7,351.1 million.

1. A reduction of \$8.2 million associated with the Governor accepting legislation passed by the General Assembly on March 23 for State Supplemental School Aid in Senate Files [174](#) and [175](#). The legislation funds the percent of growth for the state cost per pupil at 2.25%. The Governor's original recommendation funded the state percent of growth at 2.45%.
2. A reduction of \$29.5 million to the Governor's original FY 2017 Medicaid appropriation of \$1,326.5 million. The Governor's revised Medicaid appropriation of \$1,297.0 million is \$13.2 million less than the Medicaid Forecasting Group's current estimated need for the Program.
3. An unspecified reduction of \$23.3 million to the Governor's original recommended appropriations. The Governor has stated that he will work with legislative leaders to identify specific reductions.

The following table summarizes the Governor's revised budget.

State of Iowa Governor's Revised General Fund Budget (Dollars in Millions)						
	FY 2016			FY 2017		
	Gov Rec	Revised Gov Rec	Change	Gov Rec	Revised Gov Rec	Change
Funds Available:						
Net Receipts	\$ 7,045.6	\$ 7,045.6	\$ 0.0	\$ 7,327.4	\$ 7,327.4	\$ 0.0
Federal Law Change		2.0	2.0	76.4	76.4	0.0
March REC Change		- 2.0	- 2.0		- 46.4	- 46.4
Net Receipts	7,045.6	7,045.6	0.0	7,403.8	7,357.4	- 46.4
Revenue Adjustments						
IRC Update	- 0.2	- 97.6	- 97.4	- 27.2	23.6	50.8
Inspections and Appeals Fees				- 0.7	- 0.7	0.0
Subtotal Receipts	7,045.4	6,948.0	- 97.4	7,375.9	7,380.3	4.4
Surplus Carryforward (EEF Excess)	367.3	367.3	0.0	143.2	45.6	- 97.6
Total Funds Available	\$ 7,412.7	\$ 7,315.3	\$ - 97.4	\$ 7,519.1	\$ 7,425.9	\$ - 93.2
Expenditure Limitation				\$ 7,445.1	\$ 7,351.1	\$ - 94.0
Estimated Appropriations and Expenditures:						
Appropriations	\$ 7,174.3	\$ 7,174.3	\$ 0.0	\$ 7,412.1	\$ 7,351.1	\$ - 61.0
Supplemental Appropriations	72.6	72.4	- 0.2			0.0
Total Appropriations	\$ 7,246.9	\$ 7,246.7	\$ - 0.2	\$ 7,412.1	\$ 7,351.1	\$ - 61.0
Reversions	- 6.7	- 6.7	0.0	- 5.0	- 5.0	0.0
Net Appropriations	\$ 7,240.2	\$ 7,240.0	\$ - 0.2	\$ 7,407.1	\$ 7,346.1	\$ - 61.0
Ending Balance - Surplus	\$ 172.5	\$ 75.3	\$ - 97.2	\$ 112.0	\$ 79.8	\$ - 32.2

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